

SCHOOLS

SCHOOL GOVERNMENTAL FUNDS

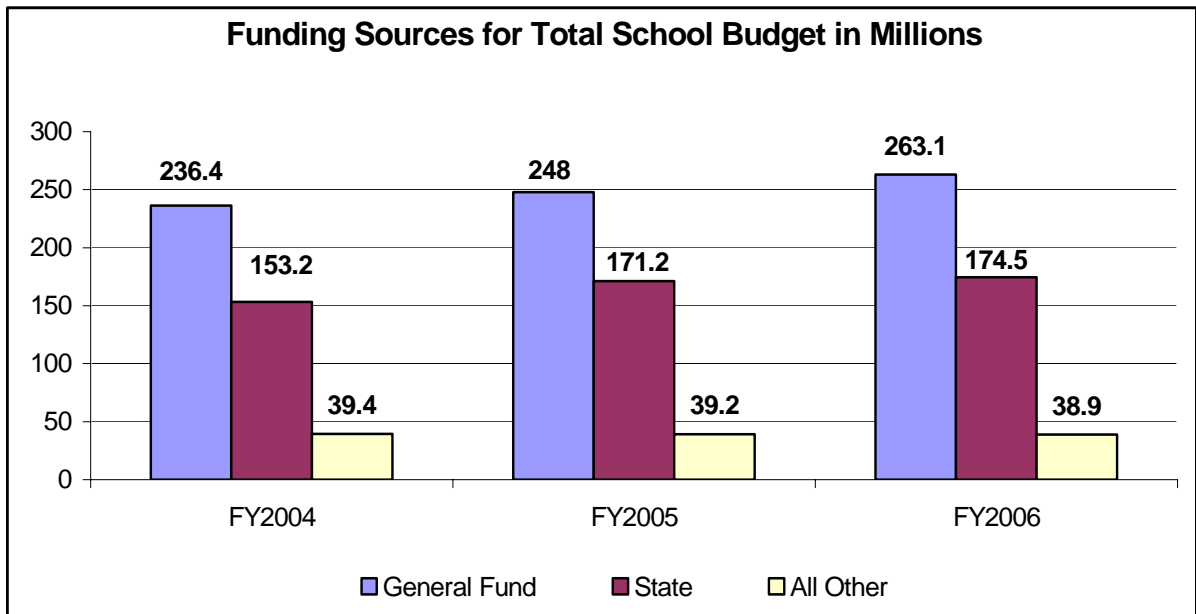
	FY2003	FY2004	FY2005	FY2006	Difference
	<u>Actual</u>	<u>Adopted</u>	<u>1st Year</u>	<u>2nd Year</u>	<u>FY2004-FY2005</u>
Revenues					
Local Sources	\$4,136,811	\$3,830,200	\$3,563,500	\$3,563,500	(\$266,700)
State	144,942,228	151,067,300	169,077,400	172,346,600	18,010,100
Federal	210,165	463,200	547,500	547,500	84,300
Food Services	14,069,498	14,599,800	14,352,000	14,352,000	(247,800)
Grants	<u>18,121,808</u>	<u>19,778,400</u>	<u>20,529,000</u>	<u>20,529,000</u>	<u>750,600</u>
Subtotal Revenues	181,480,510	189,738,900	208,069,400	211,338,600	18,330,500
Transfer from School CIP	2,152,939	620,900	275,000	0	(345,900)
Loan Proceeds/Use of Reserves	25,126,932	308,200	434,000	529,000	125,800
Transfer from School Food Services	516,395	552,600	575,000	575,000	22,400
Transfer from General Fund:					
State Sales Tax	33,643,500	35,155,400	37,467,400	39,247,300	2,312,000
Local Taxes	<u>186,398,971</u>	<u>196,728,500</u>	<u>208,510,900</u>	<u>222,233,500</u>	<u>11,782,400</u>
Subtotal Taxes:	220,042,471	231,883,900	245,978,300	261,480,800	14,094,400
Prior Year Revenue	6,090,000	2,998,000	456,700	0	(2,541,300)
Grounds Maintenance	<u>1,462,200</u>	<u>1,502,400</u>	<u>1,578,100</u>	<u>1,586,200</u>	<u>75,700</u>
Subtotal Trf. from General Fund	227,594,671	236,384,300	248,013,100	263,067,000	11,628,800
Beginning Balance	<u>9,753,148</u>	<u>1,365,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>(365,000)</u>
Total Revenues	<u>\$446,624,596</u>	<u>\$428,969,900</u>	<u>\$458,366,500</u>	<u>\$476,509,600</u>	<u>\$29,396,600</u>
Expenditures					
Instruction	\$259,589,285	\$272,088,137	\$295,287,841	\$304,192,539	\$23,199,704
Admin/Attend. & Health	13,941,207	14,898,231	16,022,729	16,014,145	1,124,498
Transportation	18,185,501	14,959,411	17,460,702	18,363,771	2,501,291
Operations & Maintenance	41,518,153	41,577,199	45,104,211	45,983,378	3,527,012
Debt Service	62,738,619	39,384,800	38,066,800	41,220,200	(1,318,000)
Grants	18,121,534	19,778,400	20,529,000	20,529,000	750,600
Food Services	15,625,808	14,964,800	14,352,000	14,352,000	(612,800)
Grounds Maintenance	1,462,200	1,502,400	1,578,100	1,586,200	75,700
Ending Balance	8,557,189	2,345,822	2,322,117	6,243,267	(23,705)
Reserve for CIP	<u>6,885,100</u>	<u>7,470,700</u>	<u>7,643,000</u>	<u>8,025,100</u>	<u>172,300</u>
Total Expenditures	<u>\$446,624,596</u>	<u>\$428,969,900</u>	<u>\$458,366,500</u>	<u>\$476,509,600</u>	<u>\$29,396,600</u>
Enrollment	53,790	54,843	56,156	57,260	1,313
Average Daily Membership	53,618	54,678	55,976	57,077	1,298
Full Time Equivalents	7,107.8	7,312.9	7,365.9	7,428.6	53.0
Appomattox Governor's School	N/A	N/A	\$3,552,000	\$3,552,000	N/A

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DESCRIPTION

The Board of Supervisors appropriates funds for the operation of the school system. It is the responsibility of the Superintendent and School Board to develop an annual budget reflecting the needs of the school division. This budget is transmitted to the

County Administrator and Board of Supervisors each year. Details of the FY2005-FY2006 School Board Annual Financial Plan are available in a separate document.



Note: In the chart above the state revenues include state food service funding and state grant funds and does not include the Appomattox Governor's School funding.

On February 24, 2004, the School Board approved its Proposed Financial Plan for FY2005 and FY2006 totaling \$450,723,500 and \$468,484,500 respectively in four funds. Additionally, the county budget includes an appropriation for the school capital improvement program reserve of \$7,643,000 in FY2005 and \$8,025,100 in FY2006 bringing the total funds allocated for schools to \$458,366,500 in FY2005 and \$476,509,600 for FY2006. The FY2005 total school budget represents an increase of \$29,396,600 or 7 percent, over the FY2004 adopted level as indicated in the chart above. Student membership is estimated at 56,156, an increase of 1,144 over the actual September 30, 2004 membership. The FY2006 total school budget includes an increase of \$18,143,100 over the FY2005 amount, projects school enrollment for September 30, 2005 at 57,260 and is also reflected in the chart above.

State revenue (excluding state sales tax) is projected at \$169,077,400 in FY2005 and \$172,346,600 in FY2006 in the school operating fund and an additional \$2,126,600 in FY2005 and in FY2006 of state funds is included in the school grants and food service funds. Together this represents 37.3 percent of the total revenue for FY2005 and 36.6% for FY2006.

The FY2005 budget includes a General Fund transfer of \$248,013,100 which represents an increase of \$11,628,800, or 4.9 percent, over the FY2004 adopted level. Of this amount, \$37,467,400 is received from the one-cent state sales and use tax returned to localities for school divisions, which is based on the school age population census. An additional \$7,643,000 of the transfer is made to the school capital improvement program reserve to be used solely for capital projects. Exclusive of sales

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tax, the transfer is based on a real estate tax rate of \$1.07 per \$100 of assessed value. The net tax transfer to schools is based on a methodology that compares growth in school enrollment to growth in total county population. The FY2006 budget includes a General Fund transfer of \$263,067,000 which represents an increase of \$15,053,900 or 6.1 percent, over FY2005 and includes \$39,247,300 in one-cent state sales and use tax dollars. Included in this transfer is \$8,025,100 for the school capital improvement program reserve to be used solely for capital projects.

The budget was developed as a biennial or two year budget in keeping with the long-range planning process. While funding of mandated expenditures and ongoing commitments from previous years will not permit any new initiatives for FY2005 or FY2006, the budget was carefully developed to ensure maintenance of the level of progress made to date in addressing the "critical few" division priorities.

The school system's pledge to "keep first things first" is critical for student success as we prepare for more than 1,100 new students in each of the next two years. Having an adequate number of teaching staff, textbooks, and supplies as well as maintaining our current level of transportation will cost an additional \$3.6 million in FY2005. Services to special populations will be maintained and the school system will address growth in those programs at an increased cost of \$1.6 million, including six and one-half (6.5) additional English as a Second Language teaching positions and twenty-three (23) additional special education teaching positions. Overcrowding at the middle school level, as well as growth in our middle school gifted program, will be addressed through the re-opening of the former Matoaca High School building. The increased cost of \$1.1 million includes teaching staff, textbooks and supplies, as well as buses and transportation and custodial staff. Finally, the actual pupil-teacher ratios have dropped significantly in recent years below the standards approved by the School Board. The School Board had approved increasing class averages by one student at all levels. However, now that the recently approved state budget will provide additional funding, class size averages will only be increased one-half.

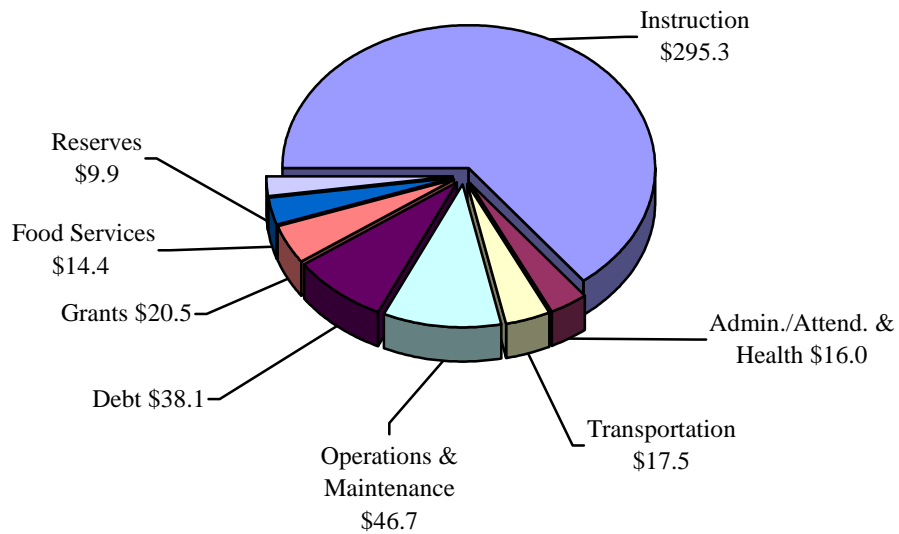
Over the past several years, attracting and retaining quality staff has become perhaps our most critical objective as we strive to become the "first choice" employer in the region. Across the nation, it has become increasingly difficult to recruit and retain quality staff and Chesterfield recognizes the importance of offering a comprehensive compensation package as well as a workplace that is most conducive to teaching and learning. With regard to total compensation, this plan includes the School Board's continued significant contributions on behalf of its employees in the areas of health care and retirement. In fact, the rate increase for Virginia Retirement System payments is nearly 4 percent, consuming \$8.6 million or about one-third of the total operating fund revenue increase for FY2005. The sharply rising cost of health care for employees and retirees will require additional funding of about \$3.8 million in FY2005. The School Board's strong commitment to the health of our supplemental retirement program will cost \$2.0 million more in FY2005. In the early stages of the budget, the uncertainty of state revenue permitted only a "set-aside" to provide additional compensation in FY2005. Now that the outcome of the General Assembly session is known, funding will be available to provide a four percent increase for all employees.

The school division has an agreement to buy some of its services from the county such as accounting, purchasing, and grounds and fleet maintenance. For FY2005, the cost of these services will increase about \$1.2 million. This budget also includes \$1.3 million to begin to address the increasing cost of transporting students and maintaining school buildings.

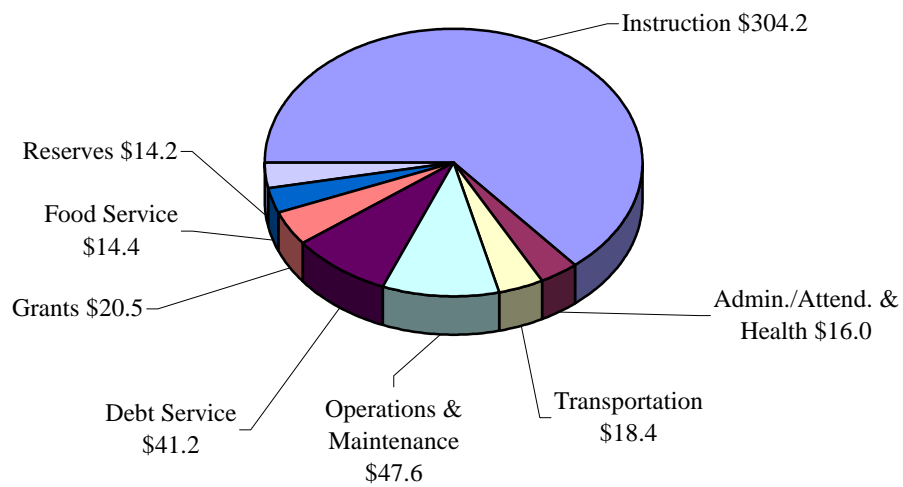
Chesterfield County will be assuming the role of fiscal agent for the Appomattox Governor's School during FY2004. Therefore all revenues and expenditures will be recorded within the county records. The budget has been increased by \$3.5 million to reflect addition of this program in FY2005 and beyond.

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FY2005 School Operating Expenditures
\$458.4 (In Millions)



Planned FY2006 School Operating Expenditures
\$476.5 (In Millions)



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The School Board adopted a CIP program totaling \$324,475,700 for FY2005-FY2011 in March 2004. The School Board's capital improvement program for FY2005 totals \$22,154,200. Funding available for the program includes \$811,906,400 of debt financing, \$2,604,800 of cash proffer funds, and \$7,643,000 from the county transfer. Projects included are: \$3 million to provide major maintenance improvements at various facilities countywide; \$2,544,200 to continue implementation of the technology plan; \$3,250,000 for computer replacements; \$360,000 for computers at the new Matoaca High School; \$2,500,000 each for land acquisition and design of a new elementary school in the Route 360 West area and in the Bermuda district; \$3,500,000 each for land acquisition and design of a new middle school in the Clover Hill and Bermuda districts; and \$500,000 for each school to begin design for renovations to Bon Air Elementary, and Falling Creek Elementary schools.

The School Board's capital improvement program for FY2006 totals \$61,540,900. Funding available for the program includes \$50,390,000 of debt financing, \$3,125,800 of cash proffer funds, and \$8,025,100 from the county transfer. Projects included are: \$3 million to provide major maintenance improvements at various facilities countywide; \$2,290,900 to continue implementation of the technology plan; \$3,250,000 for computer replacements; \$1,500,000 for future school site acquisitions; \$6 million for land acquisition and design of a replacement for Clover Hill High School, \$2 million for renovations to L. C. Bird High School; \$17.5 million each for construction of a new elementary school in the Route 360 West area and in the Bermuda district; \$3.5 million for renovations to Bon Air Elementary; \$4.5 million for renovations to Falling Creek Elementary; and \$500,000 to begin the design for renovations to Ecoff Elementary school.

FUTURE YEAR ISSUES

The FY2007-FY2011 School Board approved capital improvement program totals \$240.780 million and recommends funding as follows: \$10.847 million to provide major maintenance to various facilities countywide; \$6.918 million for continued implementation of the technology plan; \$16.250 million for continuation of the computer replacement program; \$18.265 million for future school site acquisitions; \$49 million to build a new Clover Hill High School; \$8 million for renovations/addition to L.C. Bird High School; \$17.5 million each for a new elementary school to relieve overcrowding in the Route 360 West area and in the Bermuda district; \$30.5 million for a new middle school in the Clover Hill and Bermuda districts; \$6 million for renovations/additions to Bellwood Elementary; \$3.5 mil-

lion to complete renovations/additions to Ecoff Elementary; \$4 million for renovations/additions to Gates Elementary; \$5 million for renovations/additions to Watkins Elementary; \$7 million for renovations/addition to Falling Creek Middle; \$9 million for renovations/additions to Midlothian Middle; \$7 million for renovations/additions to Robious Middle; \$9 million for renovations/additions to Salem Church Middle; \$6 million for renovations/addition to Swift Creek Middle; and \$14 million for renovations/addition to Midlothian High School.

The anticipated issuance of \$231.225 million in new debt to complete all of these projects will dictate operating budget cost increases in future years.